

Memorandum

To: All Employees

From: Ted Fox
Kathy Obenshain

Date: January 21, 2004

Re: DCI'S

Effective immediately, we are going back to the previously successful method of accepting DCI's from debtors.

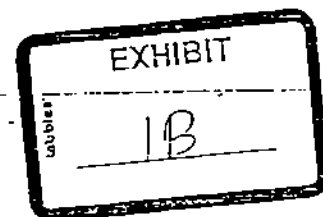
- (1) The Collectors will use our approved check fax form.
- (2) Fax the approved check fax form to the debtor.
- (3) The authorized check signer signs the approved check fax form and faxes it back along with a copy of the check.

All GCM's are responsible for maintaining the DCI forms on a daily basis. Absolutely no check information can be input by any collector. The DCI information must be input by an Administrative Assistant or designated Manager and all DCI copies will be maintained in a secure location. Do not give the copies to the producers. Deviation from this policy will be grounds for immediate termination. This paper trail will now provide us with the method for verifying checks at EOM.

KAO:mmm

B-131

000086



Memorandum

To: All General Collection Managers
From: Kathy Obenshain
Date: August 2, 2002
Re: Direct Check Form

In anticipation of conversion and to generate a serious INCREASE in revenue for the month of August, we will allow you to start using the attached DIRECT CHECK form and get your payments immediately over the telephone instead of waiting for the faxed, signed copy.

The rules are simple: The call must be recorded and a supervisor must sign and review all forms before they are sent to accounting. If there is any falsification with regard to acquiring this information from an authorized check signer who clearly understands this process, it will be grounds for immediate termination. Also, any collector manipulating this process by utilizing a check enroute or completing this type of transaction without the conversation fully documented "via" the digital audio taping system as well as on the CRS system or with any other abuse will be grounds for immediate termination. This is a huge asset for all of you to use everyday and drive home that sense of urgency that we sometimes forget. Please call me if you have any questions

KAO:mm

B-132

000087

EXHIBIT

2

Complaint Procedure

If an employee experiences any job-related harassment based on sex, race, national origin, disability, or another factor, or if an employee believes he or she has been treated in an unlawful, discriminatory manner, the incident should be promptly reported to the department manager. The manager immediately will notify Corporate Employee Relations of the complaint. In the alternative, the employee can contact Corporate Employee Relations directly. An employee should not allow an inappropriate situation to continue by not reporting it, regardless of who is creating that situation. To the maximum extent possible, all complaints will be kept confidential.

In response to every complaint, the Company will conduct a prompt and thorough investigation, and implement corrective and preventative actions where necessary. If NCO determines that an employee has violated this policy, appropriate disciplinary action will be taken against the offending employee, up to and including termination of employment.

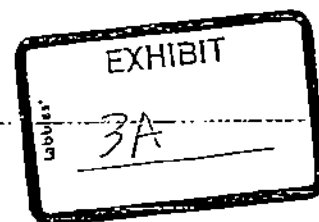
NCO prohibits any form of retaliation against any employee for filing a bona fide complaint under this policy, for assisting in a complaint under this policy, or for assisting in a complaint investigation. However, if, after investigating any complaint of harassment or unlawful discrimination, NCO determines that the complaint is not bona fide or that an employee has provided false information regarding the complaint, disciplinary action may be taken against the individual who filed the complaint or who gave the false information.

Each member of management is responsible for creating an atmosphere free of discrimination and harassment, sexual or otherwise. All employees are responsible for respecting their coworkers' rights.

B-133

000083

01/21/2004 15:46 FAX



NCO®

NCO Financial Systems, Inc.

Commercial Services Division

802 Silver Lake Blvd.

Dover, DE 19904

(302) 735-4891, 800-738-1007 (Voice)

(302) 735-1835 (Fax)

sales.dover@ncogroup.com

Fax

To: Kathy Obenshain

From: Dave McQuisten

Fax:

Date: 1/21/04

Phone:

Pages 2, including cover

Re: See attached

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

B-134

000033

The information contained in this facsimile message is privileged and confidential. The information is intended for the use of the recipient named above only. If the reader of this is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately.

01/21/2004 15:47 FAX

002

NCO Financial Systems, Inc.
Commercial Services



Kathy Obenshain,

Per your request, the following is a summary of the phone conversation this morning with Ted Fox.

In conversations with debtors requesting a check not be deposited, have resulted in the check not being 'pulled', per manager direction.

Checks that have been returned NSF, have been directed to be 'put back on'. Attempts to contact the debtor have and have not happened.

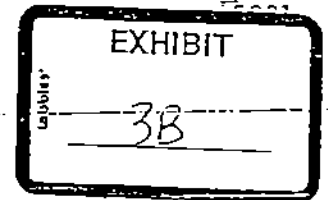
We, as a group, have at times been told 'no checks are being pulled', which led to no attempt to pull or change check dates, knowing they would possibly be returned. HOLD check request or deletions have gone unsigned in some cases.

This has been a 'semi' practice for some time, and I only have started notating the accounts in my que, the last few months.

B-135

000090

01/21/2004 15:36 FAX



NCO®

NCO Financial Systems, Inc.

Commercial Services Division

802 Silver Lake Blvd.

Dover, DE 19904

(302) 735-4891, 800-768-1007 (Voice)

(302) 735-1835 (Fax)

sales.dover@ncogroup.com

Fax

To: Kathy Obenshain

From: Mark LaFevre

Fax:

Date: 1/21/04

Phone:

Pages 2, including cover

Re: See attached

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

B-136

000091

01/21/2004 15:36 FAX



NCO Financial Systems, Inc.
Commercial Services Division
202 Silver Lake Blvd.
Dover, DE 19904
(302) 735-4891, 800-782-1207 (Voice)
(302) 735-4893 (Fax)

RE: _____
Ref Number: _____

Comments: _____

Per our conversation;

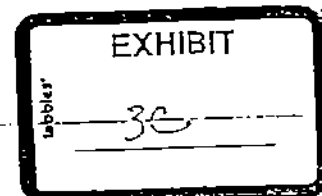
It has been branch policy to run checks that we were asked not to by robbers, I.E. "We are not pulling Any checks off the system"

Additionally checks have been redipled with no hope of clearing and also recreated from the computer.

A large, stylized handwritten signature, possibly reading "MEX", is written over the signature line and extends into the margin below.

B-137

01/21/2004 16:08 FAX



NCO Financial Systems, Inc.
Commercial Services Division
802 Silver Lake Blvd.
Dover, DE 19904
(302) 735-4891, 800-733-1007 (Voice)
(302) 735-1835 (Fax)
sales.dover@ncogroup.com

Fax

To: Kathy Obenshain From: Brad Reavis
Fax: 504-837-3230 Date: 1/21/04
Phone: Pages 2, including cover
Re: See attached
☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

B-138

000093

01/21/2004 16:08 FAX

I SPOKE TO TED AND KATHY AND ADVISED BOTH OF THEM THAT WE WERE ENCOURAGED BY OUR MANAGER TO LOOK AT OUR NSF'S THAT BOUNCED DURING THE MON. TO REDEPOSIT AT 2.00 AND IN ONE CASE REDEPOSIT FOR FILING FEE.

B-139

000004

01/22/2004 16:51 FAX 3027351635

NCO ACCOUNTING

Kathy O

001

EXHIBIT

3D



NCO Financial Systems, Inc.
 Commercial Services Division
 802 Silverlake Blvd., Ste 200
 Dover, DE 19904
 (302) 735-4891 800-788-1007 (Voice)
 (302) 735-1635 (Fax)
Mail Payments To:
 P.O. Box 41593
 Philadelphia, PA 19101
Overnight Payments To:
 507 Prudential Road
 Department 23
 Horsham, PA 19044

Fax

To: Kathy Obenshain From: Kim Marlow (Acting GCM)
 Fax: Date:
 Phone: Pages
 Re:
☐ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

B-140

000095

01/22/2004 16:51 FAX 3027351635

NCO ACCOUNTING

Kathy O

002

January 22, 2004

To: Ted Fox
Cc: Kathy Obenshain

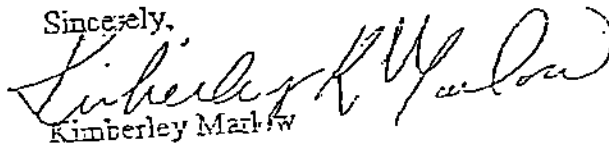
Per our conversation about policy & procedure, the directive that we were given by our manager (Valerie Hue) about NSF checks is as follows.

On a monthly basis we were given the directive to run checks that we knew were not going to clear the bank. We were directed to pull cash journals and put the checks back on that were from the previous months. Then we pulled each collector in one by one and discussed the checks that were to be run and the level of comfort of them clearing. On some occasions even the checks that the collectors stated that would not clear or verify would still be run by directive of Valerie Hue. Especially if we were relatively close to hitting our EOM number given to corporate.

I know for a fact that collectors have asked for some checks to be pulled at the end of the month because they knew that they would not clear. She (Val) stated that she had a directive from Kathy Obenshain that "we are not pulling any checks off the system and to make this happen". Collectors have complained several times about having to put on bad checks at the end of the month that they knew would not clear and would put them at a negative at the beginning of the following month.

Last month before Valerie left for vacation she gave the directive to Eric Shaw (Mid Balance Manager) and handed him all the cash journals of the collectors that she found multiple NSF's on and told him to "GET THEM ALL ON". I know this because we were in our morning managers meeting and she had also given me administrative directives in her absence, which did not have anything to do with the above.

Sincerely,

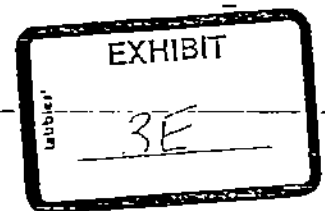

Kimberley Markow

B-141

000096

01/22/2004 16:03 FAX 3027354891

NCO Group



NCO Financial Systems, Inc.

Commercial Services Division

802 Silver Lake Blvd.

Dover, DE 19904

(302) 735-4891, 800-788-1007 (Voice)

(302) 735-1835 (Fax)

sales.dover@ncogroup.com

Fax

To: Kathy - Michelle

From: Eric Shaw

Fax: 504-837-3230

Date: 1/22/04

Phone:

Pages 2, including cover

Re: See attached

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

B-142

000097

01/22/2004 16:03 FAX 3027354891

NCO Group

002

To: Ted Fox
Kathy Obenshain

Date: January 22, 2004

You have asked me to explain to you the incidents that occurred toward the end of the month of December 2003. I was given a directive by Valerie Hue, to acquire a list of all NSF checks to review with the large & super mid collectors. I was to advise her of how much net fee was available in non-sufficient funds checks. (I was then instructed to review with each individual collector the status of their non-sufficient funds checks, for the purpose of locating additional fees we could add on to the end of the month figures.)

After reviewing with each collector, I was instructed by Valerie Hue to inform the collectors to re-input the checks into the system. Normally she would have handled this herself, which she has done in the passed months with Large Balance, but she was out of the office and this fell upon me to do. This practice was, as I found out from reviewing with each collector, was the norm, they were just surprised that 'I' was doing this, since she normally handled it herself. Each collector I spoke with in Large Balance seemed to know the end of the month routine.

In reviewing the checks with the collectors, there were some judgments made for some of the checks not to run do to stop payments, and/or too many NSFs in some cases. I myself did not allow those to run. I gave Michael Scher, a list of these checks that were entered and not entered into the system, as I did keep a record. You ask me what happened at the end of December, this practice has been going on for as long as I can remember, even as a collector, from passed managers, I went through the same routine, and was instructed to put on checks the same way.

In addition, I have had collectors complain to me, regarding check they desired to pull because they were insufficient, but were unable to, because they had been told by Valerie Hue they could not pull them. This was even prior to checks being printed. I can only go on the direction of my manager, as she was my superior.

Sincerely,


Eric Shaw

ES/jlb

B-143

000098



Job Discussion Summary Form

Please

EXHIBIT

4

Last Name

First Name

Social Security Number

Hue

Valerie

221-56-1357

Location (City, State)

Date

Dover, DE

1/28/04

Nature of Discussion (check one):

☐ Verbal Warning☐ Written Warning☐ Final Warning☒ Termination

Topic of Discussion (check applicable area(s)):

☐ Attendance☐ Performance☐ Insubordination☒ Violation of Co. Policy

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

As an employee of NCO, meeting performance expectations is a requirement of your position.

In April 1999, you were trained on the duties of your position. This training provided you with details on the regulations that all employees must adhere to.

On January 21, 2004 it was brought to management's attention and has been determined that you violated Company policy, and acted in an unprofessional manner by instructing NCO employees to violate NCO's check handling procedures.

You were suspended with pay from 1/21/03 through 1/28/03.

Your actions violate NCO policy, call to question your ability to adequately perform the tasks assigned to you, and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Termination

Employee Comments:

Employee Signature

Manager/Supervisor Signature/Date

EXHIBIT

5

== PLEASE PRINT OR TYPE ==		SOCIAL SECURITY NUMBER
LAST NAME	FIRST NAME	
Hue	Valerie	
		DATE

LOCATION (CITY, STATE)	ACQUISITION NAME	DATE
Dover, DE	M & M	9/23/02

☒ Verbal Discussion ☐ Written Warning

☐ Final Warning ☐ Termination

☐ Attendance ☒ Performance

- Insubordination

☐ Other

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

As the General Collections Manager of the Dover office, good customer service and meeting performance requirements are essential to properly service our clients. Your manager and Corporate Employee Relations have had several conversations with you regarding the proper standard operating procedures for administering progressive discipline and performance reviews. On June 11, 2002 you attended Employment Practices Management Training. In June, all managers at the Dover branch were directed that until further notice, all progressive discipline and performance reviews were to be prepared by the Dover location HR representative and reviewed by Corporate Employee Relations before they were issued to employees. This procedure was implemented and Sample Progressive Discipline Forms and Progress Reports were provided for purposes of ensuring the process is conducted in a consistent and quality manner. On September 17, 2002 you had an administrative assistant prepare several Job Discussion Summaries. Without following the proper procedure or reviewing them you issued the Job Discussion Summaries to employees and later discovered some of the Job Discussion Summaries were written incorrectly. You then told the employees they were not valid and would be rescinded. These actions violate your performance expectations, may place the company at risk, evidence poor judgment on your part and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Action To Be Taken (Results of Disciplinary Action)

Until further notice Corporate Employee Relations must review any progressive discipline before being issued to employees. If the company at any time in the future has any occasion to question your conduct in relation to the above or if the company receives any information that you have retaliated in any way against any employee you believe may have made accusations about your conduct, you will be subject to disciplinary action up to and including termination. If you have any questions as it relates to your performance expectations, please see me.

Employee Comments:

Employee Signature

 Manager/Supervisor Signature/Date

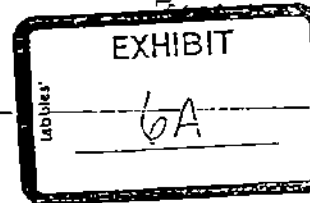
Copy – Human Resources

000100

Human Resources Signature/Date _____

— *Journal of the American Medical Association*, 1992

08/29/2004 10:41 FAX



State of Louisiana
County of Jefferson

SWORN STATEMENT OF BRIAN LAICHE

I, Brian Laiche, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since March 1, 1994. I am currently a manager in the Commercial Division in Metairie, LA.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been Kathy Obenshain's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.


Brian Laiche

6/28/04
Date

EA:\NCO HR FILES\Hue, Valerie\Correspondence\Sworn Statement Laiche.doc

B-146

000101

03/23/2004 09:08 FAX 5048373230

NCO FINANCIAL SYSTEMS

002

EXHIBIT

tabbies

6B

State of Louisiana
County of Jefferson

SWORN STATEMENT OF DARRIN DEESCH

I, Darrin DeEsch, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since April 13, 1998. I am currently a General Manager in the Commercial Division in Metairie, LA as director of NCO's commercial legal management division and financial investigative services division.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been Kathy Obenshain's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.

Darrin DeEsch
Darrin DeEsch

6/22/04
Date

\\NCO\NCO HR FILES\Buc, Valerie\Correspondence\Sworn Statement DeEsch.doc

B-147

009102

08/22/2004 07:24 FAX 503 526 8467

NCO FINANCIAL SYSTEMS + SESSION

002

EXHIBIT

6C

State of Oregon

County of WASHINGTONSWORN STATEMENT OF STEVE ROSS

I, Steve Ross, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since 1/27/97. I am currently a Branch Mgr. in the Commercial Division in Portland, Oregon.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been Kathy Obenshain's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.


 Steve Ross

8/22/04
 Date

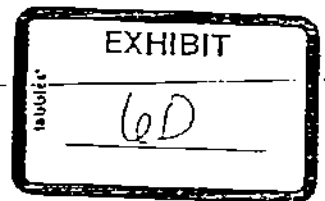
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B-148

000103

06/22/2004 09:20 FAX

001



State of Georgia
 County of Fulton

SWORN STATEMENT OF CHRIS SANTASIERO

I, Chris Santasiero, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since October 9, 2000. I am currently a MANAGER in the Commercial Division in ATLANTA, GEORGIA.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been Kathy Obenshain's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.

Chris Santasiero
 Chris Santasiero

6-22-04
 Date

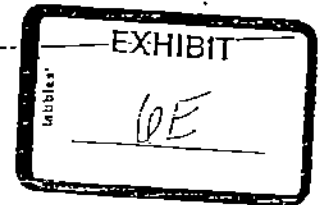
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B-149

000104

06/22/2004 12:06 FAX 3032908410

NCO GROUP



State of Colorado
County of Arapahoe

SWORN STATEMENT OF LENNY CICCARONE

I, Lenny Ciccarone, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since January 25, 1995. I am currently the managing director in the Commercial Division in Denver, Colorado.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been Kathy Obenshain's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.

Lenny Ciccarone
Lenny Ciccarone

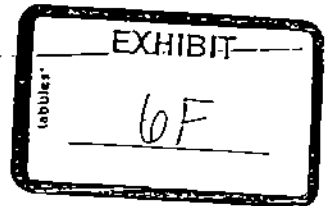
6/22/04
Date

SWORN TO BY: FILED BY: Valerie Hue, Valerie Hue Correspondence: Sworn Statement, Ciccarone.doc

B-150

06/24/2004 14:42 FAI 8139842393

NCO FINANCIAL SYSTEMS

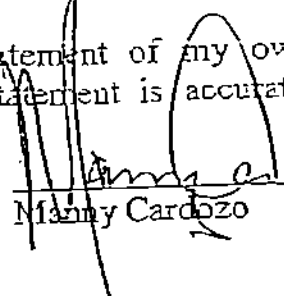


State of Florida

County of HillsboroughSWORN STATEMENT OF MANNY CARDOZO

I, Manny Cardozo, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since 02/21/2001. I am currently a BRANCH MANAGER in the Commercial Division in Tampa, FL.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been Kathy Obenshain's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.


 Manny Cardozo

06/24/04
 Date

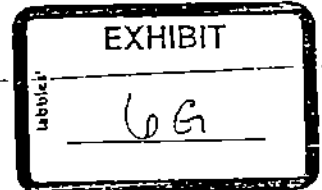
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B-151

000106

05/22/2004 07:27 FAX 5203259406

NCO AZ



State of Arizona
County of Pima

SWORN STATEMENT OF JOE BATIE

I, Joe Batie, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since January 3, 1991. I am currently the Managing Director in the Commercial Division in Tucson, Arizona.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been Kathy Obenshain's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.

Joe Batie

Date

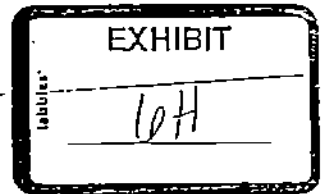
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B-152

000107

06/24/2004 14:56 FAX 3027471031

NCO FINANCIAL SYSTEMS

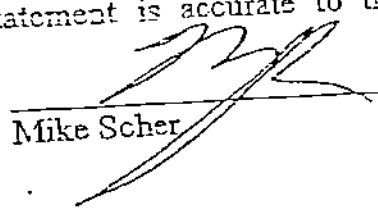


State of Delaware

County of KentSWORN STATEMENT OF MIKE SCHER

I, Mike Scher, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since June 1992. I am currently a General Manager in the Commercial Division in Dover, Delaware.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been NCO's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.


 Mike Scher

6/24/04
Date

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B-153

00010

Jun 24 04 06:22p

EXHIBIT

61

State of Louisiana
County of Jefferson

SWORN STATEMENT OF JOE THOMAS

I, Joe Thomas, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since September 2000. I am currently a GCM in the Commercial Division in Metairie, LA handling commercial matters arising out of NCO's Boone, NC office.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been Kathy Obenshain's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.

Joe Thomas

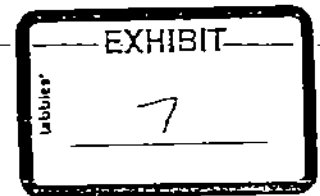
6-24-09
Date

H:\OFNCO HR FILES\Hue, Valerie\Correspondence\Sworn Statement Thomas.doc

B-154

000103

State of Louisiana
County of Jefferson



SWORN STATEMENT OF KATHY OBENSHAIN

I, Kathy Obenshain, hereby confirm under oath the following:

1. I was employed by NCO Financial Systems, Inc. (NCO) and worked at NCO from December 1, 1994 to April 19, 2004 as the vice president of operations in the Commercial Division.
2. As the vice president of operations in the Commercial Division, I had consistent contact with Valerie Hue as her superior.
3. At no time did I instruct any branch manager, including Ms. Hue, to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
4. As a result of a routine monthly audit, a large number of non-sufficient funds checks were found in Ms. Hue's department. A fact-finding investigation by Corporate Employee Relations and my department was completed, which revealed Ms. Hue was violating NCO's check handling policies.
5. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.

Kathy Obenshain
Kathy Obenshain

June 24, 2004
Date

H:\DINCO HR FILES\Hue, Valerie\Correspondence\Sworn Statement Obenshain.doc

B-155

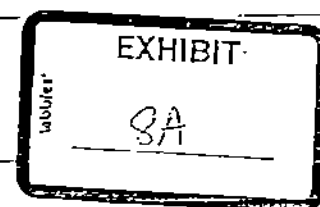
000110

01/21/2004 08:58 FAX 3027354821

NCO Group



Job Discussion Summary



** PLEASE PRINT OR TYPE **

LAST NAME	FIRST NAME	SOCIAL SECURITY NUMBER
Lane	Matthew	327-70-2229
LOCATION (CITY, STATE)	ACQUISITION NAME	DATE
Dover, DE	MMI	1/20/04

Nature of Discussion (check one):

☐ Verbal Warning
 ☐ Written Warning
 ☐ Final Warning
 ☒ Termination

Topic of Discussion (check one):

☐ Attendance
 ☐ Performance
 ☐ Insubordination
 ☒ Violation of Co Policy
 ☐ Other _____

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

NCO policy states that falsification of company records, including but not limited to the misrepresentation (or omission of pertinent facts in client or customer records, phone activity reports, time cards, medical forms, claim or benefits, employment applications or other documents will result in immediate termination.

NCO policy also states that employees who have access to customer records are responsible for ensuring that all customer records placed in NCO's trust are maintained completely and accurately, with full confidentiality. NCO employees shall not knowingly submit a false, fraudulent, or fictitious claim for payment or reimbursement.

NCO's Business Conduct and Work Rules policy states that violation of federal, state or local law will not be tolerated. When such violations occur on the job, relate to work performance, or adversely affect NCO, you will be subject to progressive discipline, up to and including termination.

NCO's Business Conduct and Work Rules policy also states that engaging in any immoral, indecent, or similar conduct during working or non-working hours, whether or not involving NCO or its clients, vendors, or employees, that could potentially result in damage to the reputation of NCO, its clients, or employees will not be tolerated.

On June 4, 2003, you were trained, and agreed to abide by NCO's Commercial Service Compliance Policies.

On December 9, 2004, you changed the direct check (check number 15704) for account \$13517 to \$19,000.00. On December 13, 2004 you changed this same check number to \$15,000.00. On December 19, 2004 you changed this amount once again to \$11,000.00. On December 25th, you moved the date ahead to the 31st of December, and then finally on December 31st, 2004 you changed the amount for a final time to \$5,000.00. On January 20, 2004 you admitted to your manager, Valerie Hue & Eric Shaw, that you did not have authorization from the debtor to change the amounts of the direct check number 15704 until the December 31, 2004, for the amount of \$5,000.00.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Immediate Termination.

Employee Comments:

Employee agreed to sign
Employee Signature

Valerie Hue 1/23/04
Manager/Supervisor Signature/Date

Copy - Human Resources
Copy - Retained by Department Manager

Human Resources Signature/Date

000111-

B-156

06/17/2004 09:23 FAX 3027471031

NCO FINANCIAL SYSTEMS

EXHIBIT

8B



Job Discussion Summary

Please Print or Type

Last Name First Name Social Security Number
 Deppa Michael 221-56-1828

Location (City, State) Date
 Dover, DE June 4, 2003

Nature of Discussion (check one):

☐ Verbal Warning☐ Written Warning☐ Final Warning☒ Termination

Topic of Discussion (check applicable area(s)):

☐ Attendance☐ Performance☒ Fraud☒ Violation of Co Policy

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

NCO policy states that falsification of company records, including but not limited to the misrepresentation or omission of pertinent facts in client or debtor records, phone activity reports, time cards, medical forms, claim or benefits, employment applications or other documents will result in immediate dismissal.

NCO policy also states that employees who have access to customer records are responsible for ensuring that all customer records placed in NCO's trust are maintained completely and accurately, with full confidentiality. NCO employees shall not knowingly submit a false, fraudulent, or fictitious claim for payment or reimbursement.

NCO's Business Conduct and Work Rules policy states that violations of federal, state or local law will not be tolerated. When such violations occur on the job, relate to work performance, or adversely affect NCO, you will be subject to progressive discipline, up to and including termination.

NCO's Business Conduct and Work Rules policy also states that engaging in any immoral, indecent, or similar conduct during working or non-working hours, whether or not involving NCO or its clients, vendors, or employees, that could potentially result in damage to the reputation of NCO, its clients, or employees will not be tolerated.

On 9/16/03, you were trained, and agreed to abide by NCO's Commercial Service Compliance Policies.

On 6/03/03, you admitted to your manager, that on three occasions (2/11/03, 4/03/03 and 5/12/03), you had falsified a debtor's check information, in the amount of \$1,071.00, and submitted the unauthorized checks as payment. In addition, you admitted to submitting false phone payments with information obtained from client records, and to creating/submitting postdated checks that were not authorized by the debtor. This would have benefited you by obtaining an additional settlement of \$1,071.

Your actions violate NCO policy, and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Termination

Employee Comments:

Employee Signature

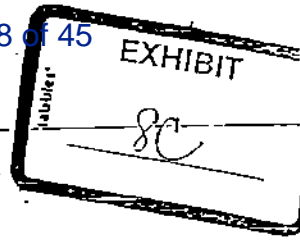
Copy - Human Resources

6-4-03

Manager/Supervisor Signature/Data

Human Resources Signature/Data

B-157 000112



Job Discussion Summary

PLEASE PRINT

LAST NAME: GUERRA
FIRST NAME: JUDY
SOCIAL SECURITY NUMBER: 142-64-9646
LOCATION (CITY, STATE): RAMSEY, NJ
ACQUISITION NAME: JDR
DATE: 6 12 03

Reason of Discussion (check one):
☐ Verbal Warning ☒ Written Warning ☐ Final Warning ☒ Termination
Topic of Discussion (check one):
☐ Attendance ☐ Performance ☐ Insubordination ☐ Violation of Co Policy ☐ Other

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):
ENTITLED 2 UNAUTHORIZED CHECKS BY PHONE
IN THE AMOUNT OF \$9000 AGAINST A
CANDIDATE'S ACCOUNT. THIS IS IN VIOLATION
OF NCO POLICY AND FEDERAL LAW.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

IMMEDIATE TERMINATION

Employee Comments:

Employee Signature: [Signature] Date: 6 12 03
Managerial Review of Signature/Date: [Signature]

Copy - Human Resources
Copy - Retained by Department Manager

Human Resources Signature/Date

Corporate Employee Relations
Revised 7/02

05/25/2004 11:12 FAX 17184042136

NCO FINANCIAL SYSTEMS

EXHIBIT

8D

NCO®

Job Discussion

Please Print

Last Name First Name Social Security Number
 Nichols Deidra 214-90-0881

Location (City, State) Date
 Baltimore, MD July 29, 2003

Nature of Discussion (check one):

☐ Verbal Warning☐ Written Warning☐ Final Warning☒ Termination

Topic of Discussion (check applicable area(s)):

☐ Attendance☒ Fraud☐ Insubordination☒ Performance

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

NCO policy states that employees who have access to customer records are responsible for ensuring that all customer records placed in NCO's trust are maintained completely and accurately, with full confidentiality. All employees are expected to perform their daily responsibilities in an honest, ethical, and professional manner. NCO employees are required to maintain the privacy and confidentiality of sensitive personal data placed in our trust by a client, including data in our possession that we may have access to, and an individual's financial, medical or employment data.

NCO policy also states that engaging in any immoral, indecent, or similar conduct during working or nonworking hours, whether or not involving NCO or its clients, vendors, or employees, that could potentially result in damage to the reputation of NCO, its clients, or employees is grounds for discipline, up to and including termination.

As an employee of NCO, good customer service and meeting performance requirements are essential to properly service our clients. NCO policy states that falsification of company records including but not limited to the misrepresentation or omission of pertinent facts in client or debtor records, phone activity reports, time cards, medical forms, claim or benefits, employment applications or other documents will lead to progressive discipline, up to and including termination.

On July 14, 2003, it was discovered by management that you received 21 returned checks, within a two-week period.

On July 28, 2003, you were suspended while Corporate Employee Relations conducted a fact-finding investigation.

It has been determined that you processed the checks without the consent or authorization of the debtors. In addition, you failed to properly notate the accounts to reflect your activity when working on these accounts. As a result of your actions, you would have benefited by generating additional revenue, which would have enabled you to achieve your goal.

Your actions violate NCO policy and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Termination

Employee Comments:

TERMINED via telephone

Employee Signature

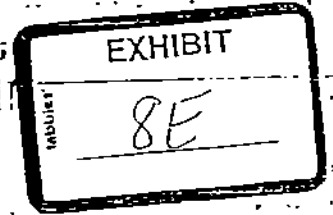
B-159 000114

Manager/Supervisor Signature/Date

Human Resources Signature/Date

06/25/2004 11:11 FAX 17164042138

NCO FINANCIAL SYSTEMS



0002

NCO FINANCIAL SYSTEMS

10/17/2003 07:26 FAX 303 320 9167

NCO

Job Discussion Summary Form

Please Print or Type

Last Name: Frank First Name: Michael Social Security Number: 488-82-8160

Location (City, State): Beaverton, OR Date: 10/16/03

Nature of Discussion (check one):
☐ Verbal Warning ☐ Written Warning ☐ Final Warning ☒ Termination

Topic of Discussion (check applicable area(s)):
☐ Attendance ☐ Performance ☐ Insubordination ☒ Violation of Co Policy: False

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

NCO policy states that falsification of Company records, including but not limited to the misrepresentation or omission of pertinent facts in credit or debtor records, phone activity reports, time cards, medical forms, status or benefits, employment applications or other documents are grounds for immediate dismissal.

NCO policy also states that employees who have access to customer records are responsible for ensuring that all customer records placed in NCO's trust are maintained completely and accurately, with full confidentiality. NCO employees shall not knowingly submit a false, fraudulent, or fictitious claim for payment or reimbursement.

On 10/14/03, Corporate Compliance received a complaint that you processed a direct-check payment for a debtor in an amount unauthorized by the debtor. You were suspended without pay while this matter was looked into.

On 10/10/03, it has been determined, after conducting a fact-finding investigation, that you violated NCO policy by processing a direct-check payment in the amount of \$7,100, when the debtor authorized a payment of \$6,000.

Your actions violate NCO policy and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Termination

Employee Comments:

re-terminated by phone 10/16/03 @ 3:45p.m.
 message on cell-Summer Note to John Nelson

Employee Signature

[Signature] 10/16/03
 Manager/Supervisor Signature/Date

Copy - Human Resources

Copy - Retained by Department Manager

Corporate Employee Relations

100

B-160

000115

NCD FINANCIAL SYSTEMS

EXHIBIT

87

01/10/04 111 15 07 1TX/HX 50 00701 0200

B-161

000116

86

NCO

Job Discuss

Please Print or Type

Last Name	First Name	Social Security Number
Smith	Doug	
Location (City, State)	Date	
Getzville, New York	1-22-04	

Nature of Discussion (check one):
☐ Verbal Warning ☐ Written Warning ☐ Final Warning ☒ Termination

Topic of Discussion (check applicable area(s)):
☐ Attendance ☐ Performance ☐ Insubordination ☒ Violation of Co. Policy

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

As an employee of NCO, meeting performance expectations is a requirement of your position.
On several occasions and most recently in December, 2003 you were trained on the company's NSF Policy & Procedures (See Attached). The discussions provided you with details on the regulations that all employees must adhere to.
On January 20, 2004 it brought to management's attention and has been determined that you violated Company policy, and acted in an unprofessional manner by violating NCO's check procedures.
You were suspended on the evening of 1/21/04 after your shift with pay through 1/22/04.
Your actions violate NCO policy, call to question your ability to adequately perform the tasks assigned to you, and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Termination - by Telephone by Michelle Johnson 4:00pm 1/22/04. Employee wanted to speak with Human Resources. I then contacted Carol Hume on the line.

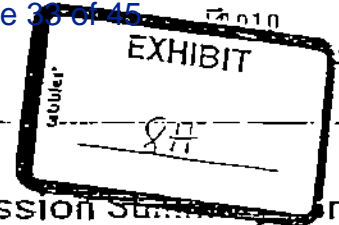
Employee Comments:

Employee Signature

Copy - Human Resources
Copy - Retained by Department Manager

Manager/Supervisor Signature/Date

Human Resources Signature/Date



Job Discussion Summary Form

Please Print or Type

Last Name First Name Social Insurance Number
Kobir Shazad

Location (City, State) Date
Montreal, QC May 10, 2004

Nature of Discussion (check one):

☐ Verbal Warning ☐ Written Warning ☐ Final Warning ☒ Termination

Topic of Discussion (check applicable area(s)):

☐ Attendance ☐ Performance ☐ Insubordination ☒ Other: Falsification of Company Records

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

NCO policy states that falsification of company records including, but not limited to, the misrepresentation or omission of pertinent facts in client or debtor records, phone activity reports, time cards, medical forms, claim or benefits, employment applications or other documents will lead to immediate dismissal.

Mr. Kobir was terminated for processing unauthorized cheques that were located through internal investigation by Capital One.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Termination

Employee Comments:

EMPLOYEE UNAVAILABLE FOR SIGNATURE.

Employee Signature

Copy - Human Resources
Copy - Retained by Department Manager

Manager/Supervisor Signature/Date

Human Resources Signature/Date

B-163

000118

EXHIBIT

81

NCO®

Job Discussion Summary

** PLEASE PRINT OR TYPE **

LAST NAME FIRST NAME SOCIAL SECURITY NUMBER
 Thomas Samond 580-19-9353

LOCATION (CITY, STATE) ACQUISITION NAME DATE
 Dover, DE MM 10/23/02

Nature of Discussion (check one):

☐ Verbal Warning ☐ Written Warning ☐ Final Warning ☒ Termination

Topic of Discussion (check one):

☐ Attendance ☐ Performance ☒ Violation of Co Policy ☐ Other Commercial Collection Practice - Company Violates

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

NCO prohibits improper collection activity. Commercial collectors are expected to use appropriate collection techniques and activities and to know which activities are not permitted, based upon their training. Improper collection activities include harassment, acts of misrepresentation, or unprofessional behavior. On October 23, 2002 you received a compliance violation for threatening legal action. This was your sixth violation and a termination violation.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Termination

Employee Comments:

Employee Signature

Employee agreed to sign

Manager/Supervisor Signature/Date

Copy - Human Resources

Copy - Retained by Department Manager

Signature: K. L. Brown 10/24/02
 Human Resources Signature/Date

Corporate Employee Relations
Revised 7/02

B-164

000113



Job Discussion Summary Form

Please Print or Type

Last Name	First Name	Social Security Number
Wilson	Michael	248.43.8835

Location (City, State)	Date
Atlanta, GA	10.14.03

Nature of Discussion (check one):

☐ Verbal Warning
 ☐ Written Warning
 ☐ Final Warning
 ☒ Termination

Topic of Discussion (check applicable area(s)):

☐ Attendance
 ☐ Performance
 ☐ Insubordination
 ☒ Violation of Co Policy: Fraud

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

NCO policy states that employees who have access to customer records are responsible for ensuring that all customer records placed in NCO's trust are maintained completely and accurately, with full confidentiality. All employees are expected to perform their daily responsibilities in an honest, ethical, and professional manner. NCO employees are required to maintain the privacy and confidentiality of sensitive personal data placed in our trust by a client, including data in our possession that we may have access to, and an individual's financial, medical or employment data. Failure to comply with this policy will result in immediate termination.

On October 6, 2003, Corporate Compliance received a complaint that you processed a direct-check payment for a debtor without authorization from the debtor.

On October 14, 2003, it has been determined, after conducting a fact-finding investigation, that you violated NCO policy by processing a direct-check payment in the amount of \$19,947.45 without authorization or permission from the debtor.

Your actions violate NCO policy and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Termination

Employee Comments:

I violated no company policies. This is unfair and unwarranted.

Michael Wilson 10-15-03
Employee Signature

Mika McGowan 10/14/2003
Manager/Supervisor Signature/Date

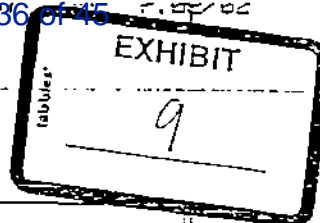
Copy - Human Resources
Copy - Retained by Department Manager

000120

Human Resources Signature/Date



Job Discussion Summary



**** PLEASE PRINT OR TYPE ****

LAST NAME Savage	FIRST NAME William	SOCIAL SECURITY NUMBER 222-32-4088
LOCATION (CITY, STATE) Dover, Delaware	ACQUISITION NAME	October 11, 2001

Nature of Discussion (check one):

Verbal Warning

Written Warning

Final Warning

☒ Termination

Topic of Discussion (check one):

Attendance

Performance

☒ Violation of Co Policy - Harassment & Unprofessional Conduct/Workplace Behavior

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

Management was recently informed of your offensive and harassing behavior in the workplace relating to sexist remarks, racism, and offensive comments to employees. As a member of NCO Management, you are required to promote a positive work environment, free from discrimination and harassment. NCO policy clearly states that physical violence, threats, intimidation or harassment of another associate including but not limited to racial harassment will result in immediate dismissal. A fact-finding was conducted and found these allegations to be true. There are several witnesses our unprofessional conduct.

Consistent feedback is that your management style is witnessed as unprofessional conduct to include but not limited to use of offensive language and/or behavior that causes disruption in the work setting. This type of behavior has created an offensive environment that constitutes racial and sexual harassment in the workplace. The behaviors you display question your ability to adequately perform the tasks assigned to you, and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Due to the violation of NCO's EEO and Harassment and Unprofessional Conduct policies, your employment is terminated effective immediately.

Employee Comments:

William Savage

Employee Signature (Your signature does not indicate agreement, only receipt of discussion.)

[Signature]

Manager/Supervisor Signature/Date

Human Resources

000121

EmpRelat/JobDiscussionSummaryForm.doc edited 3/00

TOTAL 2.22

B-166

10/11/2001 THU 15:03 CITY/PT NO 01001

01/22/2004 16:03 FAX 3027354891

NCO Group

0002

To: Ted Fox
Kathy Obenshain

Date: January 22, 2004

You have asked me to explain to you the incidents that occurred toward the end of the month of December 2003. I was given a directive by Valerie Hue, to acquire a list of all NSF checks to review with the large & super mid collectors. I was to advise her of how much net fee was available in non-sufficient funds checks. I was then instructed to review with each individual collector the status of their non-sufficient funds checks, for the purpose of locating additional fees we could add on to the end of the month figures.

After reviewing with each collector, I was instructed by Valerie Hue to inform the collectors to re-input the checks into the system. Normally she would have handled this herself, which she has done in the passed months with Large Balance, but she was out of the office and this fell upon me to do. This practice was, as I found out from reviewing with each collector, was the norm, they were just surprised that 'I' was doing this, since she normally handled it herself. Each collector I spoke with in Large Balance seemed to know the end of the month routine.

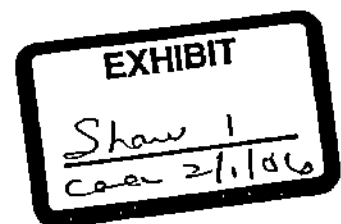
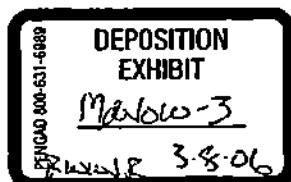
In reviewing the checks with the collectors, there were some judgments made for some of the checks not to run do to stop payments, and/or too many NSFs in some cases. I myself did not allow those to run. I gave Michael Scher, a list of these checks that were entered and not entered into the system, as I did keep a record. You ask me what happened at the end of December, this practice has been going on for as long as I can remember, even as a collector, from passed managers, I went through the same routine, and was instructed to put on checks the same way.

In addition, I have had collectors complain to me, regarding check they desired to pull because they were insufficient, but were unable to, because they had been told by Valerie Hue they could not pull them. This was even prior to checks being printed. I can only go on the direction of my manager, as she was my superior.

Sincerely,

Eric Shaw

ES:jlh



B-167

000093

NCO ACCOUNTING

01/22/2004 16:51 FAX 3027351635

January 11, 2004

To: Ted Fox
Cc: Kathy Obenshain

Per our conversation about policy & procedure, the directive that we were given by our manager (Valerie Hue) about NSF checks is as follows.

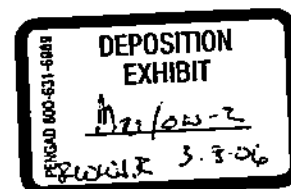
On a monthly basis we were given the directive to run checks that we knew were not going to clear the bank. We were directed to pull cash journals and put the checks back on that were from the previous months. Then we pulled each collector in one by one and discussed the checks that were to be run and the level of comfort of them clearing. On some occasions even the checks that the collectors stated that would not clear or verify would still be run by directive of Valerie Hue. Especially if we were relatively close to hitting our EOM number given to corporate.

I know for a fact that collectors have asked for some checks to be pulled at the end of the month because they knew that they would not clear. She (Val) stated that she had a directive from Kathy Obenshain that "we are not pulling any checks off the system and to make this happen". Collectors have complained several times about having to put on bad checks at the end of the month that they knew would not clear and would put them at a negative at the beginning of the following month.

Last month before Valerie left for vacation she gave the directive to Eric Shaw (Mid Balance Manager) and handed him all the cash journals of the collectors that she found multiple NSF's or and told him to "GET THEM ALL ON". I know this because we were in our morning managers meeting and she had also given me administrative directives in her absence, which did not have anything to do with the above.

Sincerely,

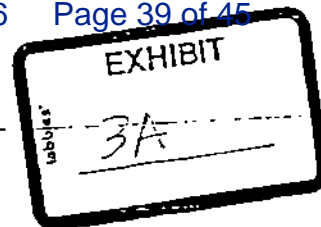
Kimberley Markow
Kimberley Markow



B-168

000096

01/21/2004 15:48 FAX



NCO[®]

NCO Financial Systems, Inc.

Commercial Services Division

802 Silver Lake Blvd.

Dover, DE 19904

(302) 735-4391, 800-733-1007 (Voice)

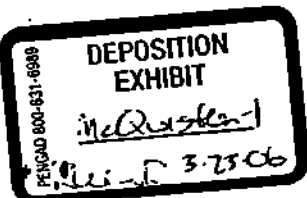
(302) 735-1835 (Fax)

sales.dover@ncogroup.com

Fax

To: Kathy Obenshain **From:** Dave McQuisten
Fax: **Date:** 1/21/04
Phone: **Pages:** 2, including cover
Re: See attached

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle



B-169

000033

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01/21/2004 15:47 FAX

NCO Financial Systems, Inc.
Commercial Services



Kathy Obenshain,

Per your request, the following is a summary of the phone conversation this morning with Ted Fox.

In conversations with debtors requesting a check not be deposited, have resulted in the check not being 'pulled', per manager direction.

Checks that have been returned NSF, have been directed to be 'put back on'. Attempts to contact the debtor have and have not happened.

We, as a group, have at times been told 'no checks are being pulled', which led to no attempt to pull or change check dates, knowing they would possibly be returned. HOLD check request or deletions have gone unsigned in some cases.

This has been a 'semi' practice for some time, and I only have started notating the accounts in my que, the last few months.

B-170

000000

05/24/2004 14:55 FAX 3027471031

NCO FINANCIAL SYSTEMS

EXHIBIT

State of Delaware

County of KentSWORN STATEMENT OF MIKE SCHER

I, Mike Scher, hereby confirm under oath the following:

1. I am employed by NCO Financial Systems, Inc. (NCO) and have worked at NCO since June 1992. I am currently a General Manager in the Commercial Division in Dover, Delaware.
2. At no time did Kathy Obenshain, former vice president of operations for the Commercial Division, instruct me to re-deposit checks without verification of funds. Such conduct is a known violation of NCO check handling policies.
3. At no time did I witness Ms. Obenshain instruct Valerie Hue to re-deposit checks without verification of funds.
4. It has always been NCO's policy and direction that unless there was verification of funds available, no non-sufficient funds (NSF) checks should be re-deposited.
5. It is known that fraudulently violating NCO's check handling policies would result in termination.
6. I have provided this sworn statement of my own free will and the information contained in this statement is accurate to the best of my knowledge and belief.

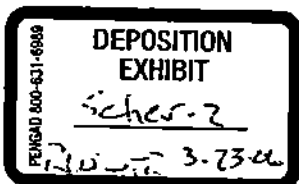
Mike Scher

6/24/04
Date

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B-171

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01/21/2004 16:08 FAX

EXHIBIT

Lobby

3e

NCO[®]**NCO Financial Systems, Inc.**

Commercial Services Division

802 Silver Lake Blvd.

Dover, DE 19904

(302) 735-4691, 800-768-1007 (Voice)

(302) 735-1835 (Fax)

sales.dover@ncogroup.com

Fax

To: Kathy Obenshain

From: Brad Reavis

Fax: 504-837-3230

Date: 1/21/04

Phone:

Pages 2, including cover

Re: See attached

☐ Urgent
 ☐ For Review
 ☐ Please Comment
 ☐ Please Reply
 ☐ Please Recycle

EXHIBIT

Reavis 1
see 2/1/06

B-172

000093

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01/21/2004 16:08 FAX

002/002

I SPOKE TO TED AND KATHY AND ADVISED BOTH OF THEM THAT WE WERE ENCOURAGED BY OUR MANAGER TO LOOK AT OUR NSF'S THAT BOUNCED DURING THE MON TO REDEPOSIT AT 2.00 AND IN ONE CASE REEXRATE FOR BLIND FEE.

B-173

000004

AFFIDAVIT OF CHERIE A. SUGG

PAGE 1

STATE OF NEW YORK
COUNTY OF ERIE

AFFIDAVIT OF CHERIE A. SUGG

BEFORE me the undersigned authority, personally came and appeared Cherie A. Sugg, who after being duly sworn did state:

1. I am the Senior Vice-President of Human Resources for NCO Financial Systems, Inc. During January 2004, I was the Vice President of Human Resources.
2. As the VP of HR for NCO, I oversaw various HR functions, including the direction of the employee relations responsibility.
3. NCO maintains a work environment that prohibits discrimination on the basis of all protected classifications, including race, sex and retaliation.
4. NCO's policy is published in the handbook and posted in all offices. NCO employees may complain, or report any discrimination issue to their supervisor, any member of management, to corporate HR via an 800-call-in number, or anonymously through an 800-call-in line. Reports are accepted with a guarantee that there will be no retaliation.
5. I have checked NCO's HR records and at no time did Ms. Hue ever complain regarding any discrimination issues in the Dover office. I have learned that in October 2001, she submitted a statement regarding Bill Savage's improper conduct.
6. At my direction, Ms. Carol Murray, a senior employee relations specialist assisted in the investigation of Ms. Valerie Hue, the former General Collections Manager for the Commercial Division Dover, Delaware office.
7. Along with Ms. Murray, I provided support to the then Commercial Division Vice President of Collections, Ms. Kathy Obenshain regarding the Hue investigation. Ms. Obenshain was Ms. Hue's direct supervisor.
8. Based upon information that was learned during this investigation, Ms. Hue was found to have instructed collections personnel, administrative personnel and 2 managers to violate Commercial Division check handling policies.
9. Ms. Obenshain and the newly appointed Commercial Division Senior Vice President, Mr. Ted Fox, secured statements confirming Ms. Hue's improper conduct.
10. Ms. Murray and I ensured that a full, fair and impartial investigation was completed. My staff also assisted with answering the later filed discrimination charge filed by Ms. Hue.
11. We never uncovered any type of discrimination or retaliation regarding Ms. Hue's discharge. To the contrary, all Dover employees reported the same type of wrongdoing by Ms. Hue and all similarly situated managers


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AFFIDAVIT OF CHERIE A. SUGG

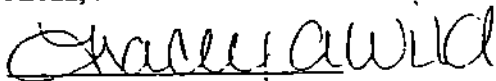
PAGE 2

to Ms. Hue in other Commercial Division offices confirmed that the check handling procedures were uniformly applied.

- (12) I participated in the telephone call with Ms. Hue, confirming that she was terminated. During this call, Ms. Hue stated that Ms. Obenshain was instructing her to violate NCO's check handling policies and that Ms. Hue knew she was wrong when she did violate the policies.


Cherie A. Sugg

SWORN TO AND SUBSCRIBED
BEFORE ME, THIS 30 DAY OF
APRIL, 2006.



NOTARY- MY NOTARY IS UNTIL: _____

TRACEY A. NIS
Notary Public, State of New York
Qualified in Erie County
My Commission Expires 1/22/07

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